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RUEAWJA/DEPT OF JUSTICE WASHDC  
RUEAIIA/CIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 003378

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DEPT FOR EAP, EAP/MTS, EAP/MLS, INR/EAP  
INL FOR BOULDIN  
DEPT FOR EEB/IFD/OMA  
DOJ/OPDAT FOR LEHMANN/ALEXANDRE/BERMAN  
SINGAPORE FOR BAKER  
TREASURY FOR IA-BAUKOL  
DEPT PASS FEDERAL RESERVE SAN FRANCISCO FOR FINEMAN  
DEPT PASS EXIM BANK  
DEPT PASS USTR FOR DKATZ, RBAE  
NSC FOR EPHU

E.O. 12958: DECL: 12/12/2017  
TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [ID](#)  
SUBJECT: CORRUPTION UPDATE -- SOLDIERS, LEGISLATORS IN THE  
SPOTLIGHT

REF: A. JAKARTA 3349

- [1](#)B. JAKARTA 3326
- [1](#)C. JAKARTA 3173
- [1](#)D. JAKARTA 3131

Classified By: Pol/C Joseph Legend Novak, reasons 1.4(b+d).

[1](#)1. (SBU) SUMMARY: In December's corruption highlights: 15 soldiers have been convicted of involvement in illegal logging; parliament is investigating bribery allegations involving several members; more allegations of corruption have been levied against Tommy Suharto; and, controversy continues to swirl around the acquittal of an illegal logging kingpin. Bio notes on the new head of the Corruption Eradication Commission are included in Para 9. END SUMMARY.

#### SOLDIERS HELD ACCOUNTABLE

[1](#)2. (SBU) A military court has found 15 soldiers guilty of involvement in illegal logging in East Kalimantan. The commander of the group was dishonorably discharged and sentenced to 16 months in prison, while his subordinates were sentenced to 12 months each. In February, the soldiers had apprehended a group of 30 illegal loggers near their base. However, they had then released the men and their equipment after a meeting with the loggers' Malaysian boss without reporting the illegal loggers to the police. Reports have speculated that the soldiers most likely took a payoff in exchange for illegally releasing the loggers.

#### LEGISLATORS IN TROUBLE?

[1](#)3. (C) Parliament's Ethics Board said there are indications that several of its members may have received bribes related to a corruption investigation centering on Bank Indonesia (BI). Supreme Audit Board (BPK) chair Anwar Nasution earlier sent a report to the Corruption Eradication Commission (KPK) alleging that BI officials had made illegal payments to parliamentarians and others in 2003. According to the

report, bribes worth over USD 10 million were paid to win passage of legislation favorable to BI in Parliament and to defend BI officials from corruption allegations related to the Bank Indonesia Liquidity Assistance scandal (ref B). Several members of parliament have told Pol/C that this case is worrisome to legislative leaders who are concerned with Parliament's reputation with the public (it is already seen as a den of money politics).

14. (U) In a separate case, the KPK has named former legislator Noor Adenan Razak a suspect in a bribery case involving the Nuclear Energy Regulatory Agency (BAPATEN). Razak reportedly confessed to investigators that he had received a bribe worth approximately USD 150,000 from the agency in exchange for his support of its legislative agenda.

#### MORE SUHARTO ALLEGATIONS

15. (SBU) Yet another corruption allegation has surfaced against Tommy Suharto, notorious son of the former president (and who is already subject of a variety of legal actions--ref C). This time the Ministry of Finance accused Tommy of illegally engineering a deal whereby he was able to buy back--for a fraction of their value--assets which had been seized by the state. The assets in question were surrendered by Tommy's Humpuss Group to pay off a USD 500 million debt to the government incurred in the wake of the 1998 financial crisis. The assets were then resold by the Indonesia Bank Restructuring Agency (IBRA) to a private company at a price that was 88 percent below their market value. The private company, it turns out, bought the assets with funds provided by Humpuss, in violation of the sales agreement signed with IBRA. Both the KPK and the Attorney General's office are investigating.

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16. (SBU) Businessman and Suharto associate Tommy Winata has also become the subject of new corruption charges, this time regarding the construction of a resort and casino complex in the Riau Islands. Police investigators questioned Winata about the case last week, which they claim may have cost the state as much as USD 400 million. No stranger to controversy, Winata has strong business ties to the Suharto family.

#### ALLEGED JUDICIAL MISCONDUCT

17. (SBU) The acquittal of illegal logging kingpin Adelin Lis (refs C and D) continues to raise questions about the integrity of the legal system. Last week the Judicial Commission issued a report recommending that the five judges in the case face suspension. According to the Commission's report, the judges refused to hear the testimony of some 25 witnesses and dismissed other testimony without a clear legal basis. The Commission's findings are at odds with an earlier investigation by the Supreme Court, which concluded that there was no evidence of wrongdoing.

18. (C) In a December 10 meeting with Pol/C, Constitutional Court Justice Maruarar Siahaan said the Lis case was "unfortunate and possibly involved judicial malfeasance." He underscored that the matter should "not tar the whole judiciary."

#### NEW KPK CHIEF

19. (C) Bio notes on the new Chief of the Corruption Eradication Commission (ref A) follow:

Antasari Azhar is a career prosecutor who since 2006 has held the key position of Chief of Prosecutions for General Crimes. Prior to that, he was head of District Prosecutor's Offices in Jakarta, West Sumatra and Southeast Sulawesi and served briefly as AGO spokesman. His selection as head of the KPK has been controversial in large part because of allegations

that he deliberately mishandled certain high-profile cases under his authority. For example, Tommy Suharto was under Azhar's control as head of the South Jakarta office when he escaped from jail in 2001. In 2003, Azhar delayed the imprisonment of members of the local legislature who were convicted on corruption charges. Azhar was born in Bangka Belitung (an island off Sumatra) in 1953. He studied law at Sriwijaya University in Palembang and earned a Masters degree at STHI-IBLAM.

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